Space Group Holdings Limited
恒宇集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock code: 2448)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2019

HIGHLIGHTS

- For the year ended 31 December 2019, the revenue of the Group amounted to approximately MOP451,904,000, representing an increase of approximately 11.4% as compared to the revenue of last year (2018: MOP405,742,000), and the profit attributable to equity shareholder of the Company and profit for the year in 2019 was approximately MOP61,955,000, while the profit attributable to equity shareholders of the Company and profit for the year in 2018 was approximately MOP61,601,000, representing an increase of approximately 0.6%.

- The total comprehensive income for the year in 2019 was approximately MOP81,899,000, while the total comprehensive income in 2018 was approximately MOP61,583,000, representing an increase of approximately 33.0%.

- The Company's basic earnings per share for the year ended 31 December 2019 was MOP8 cents (2018: MOP8 cents) which is in line with the profit attributable to equity shareholders of the Company when compared to the year ended 31 December 2018.

- The Board does not recommend the payment of final dividend for the year ended 31 December 2019 (2018: Nil).

The board (the "**Board**") of directors (the "**Directors**") of Space Group Holdings Limited (the "**Company**") is pleased to announce the consolidated results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 December 2019.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2019
(Expressed in Macau Pataca)

	Notes	**2019**	2018 *(Note)*
		MOP'000	*MOP'000*
Revenue	3	**451,904**	405,742
Cost of sales		**(344,385)**	(299,175)
Gross profit		**107,519**	106,567
Other income and gains, net	4	**229**	4,923
General and administrative expenses		**(26,093)**	(32,426)
Profit from operations		**81,655**	79,064
Finance costs	5(a)	**(8,386)**	(6,086)
Share of results of an associate		**(365)**	–
Profit before taxation	5	**72,904**	72,978
Income tax	6	**(10,949)**	(11,377)
Profit for the year		**61,955**	61,601
Attributable to:			
Equity shareholders of the Company		**61,955**	61,601
Non-controlling interests		**–**	–
Profit for the year		**61,955**	61,601
Earnings per share			
– Basic and diluted	7	**MOP0.08**	MOP0.08

Note: The Group has initially applied HKFRS 16 as at 1 January 2019 using the simplified transition approach. Under this approach, comparative information is not restated. See note 2(c) for details.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2019

(Expressed in Macau Pataca)

	2019	2018
		(Note)
	MOP'000	*MOP'000*
Profit for the year	**61,955**	61,601
Other comprehensive income/(loss)		
Items that will not be reclassified subsequently to profit or loss:		
Surplus on the revaluation of land held for own use upon the change of use to investment properties, net of tax	**19,936**	–
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on the translation of operations based outside Macau	**8**	(18)
Other comprehensive income/(loss) for the year, net of tax	**19,944**	(18)
Total comprehensive income for the year	**81,899**	61,583
Attributable to:		
Equity shareholders of the Company	**81,899**	61,583
Non-controlling interests	**–**	–
Total comprehensive income for the year	**81,899**	61,583

Note: The Group has initially applied HKFRS 16 as at 1 January 2019 using the simplified transition approach. Under this approach, comparative information is not restated. See note 2(c) for details.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at year ended 31 December 2019

(Expressed in Macau Pataca)

	Notes	**31 December 2019**	31 December 2018 *(Note)*
		MOP'000	*MOP'000*
Non-current assets			
Property, plant and equipment		**5,986**	88,224
Investment properties		**110,210**	–
Investment in an associate		**11,257**	–
Investment in an insurance contract		**2,573**	–
		130,026	88,224
Current assets			
Contract assets		**53,867**	57,219
Trade and other receivables	8	**498,777**	413,359
Pledged deposits		**41,672**	11,911
Bank deposits		**–**	10,300
Cash and cash equivalents (excluding bank overdrafts)		**11,021**	13,846
		605,337	506,635
Current liabilities			
Trade and other payables	9	**62,389**	99,378
Bank loans and overdrafts and other borrowings		**220,285**	145,519
Lease liabilities		**2,309**	–
Amount due to a director		**2,828**	–
Tax payable		**37,574**	27,947
		325,385	272,844
Net current assets		**279,952**	233,791
Total assets less current liabilities		**409,978**	322,015

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at year ended 31 December 2019

(Expressed in Macau Pataca)

	31 December 2019	31 December 2018 *(Note)*
	MOP'000	*MOP'000*
Non-current liabilities		
Deferred tax liabilities	**2,691**	–
Lease liabilities	**3,373**	–
	6,064	–
NET ASSETS	**403,914**	322,015
CAPITAL AND RESERVES		
Share capital	**7,828**	7,828
Reserves	**396,037**	314,138
Total equity attributable to equity shareholders of the Company	**403,865**	321,966
Non-controlling interests	**49**	49
TOTAL EQUITY	**403,914**	322,015

Note: The Group has initially applied HKFRS 16 as at 1 January 2019 using the simplified transition approach. Under this approach, comparative information is not restated. See note 2(c) for details.

NOTES TO THE ANNOUNCEMENT

1 GENERAL INFORMATION

Space Group Holdings Limited (the "**Company**") and its subsidiaries (together, the "**Group**") are principally engaged in the fitting-out works and building construction works.

The Company was incorporated in the Cayman Islands on 24 April 2017 as an exempted company with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of its registered office is Cricket Square, Hutchins Drive, Grand Cayman KY1-1111, Cayman Island and its principal place of business in Hong Kong is 2612–13, One Midtown, 11 Hoi Shing Road, Tsuen Wan, Hong Kong.

The Company's shares were listed on The Stock Exchange of Hong Kong Limited on 16 January 2018.

These consolidated financial statements are presented in Macau Pataca ("**MOP**"), unless otherwise stated.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("**HKFRSs**"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622). These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited. Significant accounting policies adopted by the Group are disclosed below.

(b) Basis of preparation of the financial statements

The HKICPA has issued certain new and amended HKFRSs that are mandatory for the first time for the financial year beginning 1 January 2019. Note 2(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in the consolidated financial statements.

The consolidated financial statements for the year ended 31 December 2019 comprise the financial statements of the Group, and the Group's interest in an associate.

The measurement basis used in the preparation of the financial statements is the historical cost basis, except that an investment in an insurance contract is stated at its cash surrender value and investment properties are stated at fair value.

As at 31 December 2019, the Group had negative cash and cash equivalents of MOP17,106,000 comprising of cash and cash equivalents of MOP11,021,000 net of bank overdrafts of MOP28,127,000. The Group reported a net cash used in operating activities of MOP48,276,000 for the year ended 31 December 2019.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Basis of preparation of the financial statements (Continued)

The Group's net cash used in operating activities was resulted from the longer collection period on its trade receivables, as compared to the shorter settlement pattern of its accounts and other payables, leading to the use of short term banking facilities to finance its working capital. As at 31 December 2019, bank loans and overdrafts amounting to MOP220,285,000 which have repayable on demand clauses have been classified under current liabilities on the consolidated statement of financial position. Certain banking facilities of MOP142,962,000 were secured against the Group's pledged deposits of MOP41,672,000 and another bank loan of MOP50,600,000 was secured against the Group's investment properties with carrying values of MOP110,210,000 as at 31 December 2019.

The recent outbreak of Coronavirus Disease 2019 ("**COVID-19 outbreak**") has buffeted the Macau, Hong Kong and mainland China economies. In early 2020, after the rapid COVID-19 outbreak, a series of precautionary and control measures have been and continued to be implemented across mainland China, including postponement of work resumption after the Chinese New Year holiday in some regions, certain level of restrictions and controls over the travelling of people and traffic arrangements, and quarantine of certain residents, etc. Such precautionary and control measures are causing short-term disruption to the Group's construction projects and further slowdown of settlements of trade receivables. If the present situation in respect of the COVID-19 outbreak continues and the restrictions and control measures are prolonged, the Group's operations and cash flows may be negatively affected. Nevertheless management expects the Group's projects to resume from the second quarter of 2020 onwards.

In view of the above, the Directors have given careful consideration of the liquidity requirements for the Group's operations, the performance of the Group and available sources of financing in assessing whether the Group has sufficient financial resources to continue as a going concern. The Directors have reviewed the Group's cash flow projections prepared by management which covers a period of twelve months from 31 December 2019. The Directors have taken into account the following plans and measures in assessing the sufficiency of working capital requirements in the foreseeable future:

(1) The Group has reached agreement with certain major customers to collect a majority of the trade receivables which were outstanding as at 31 December 2019 by phases during the year ending 31 December 2020, of which approximately MOP56,873,000 has been collected subsequent to 31 December 2019 and up to the date of this announcement.

(2) In February 2020, the Group has completed the successful renewal of two banking facilities, being an existing revolving loan and overdraft facility of MOP108,606,000, of which MOP107,884,000 was drawn as at 31 December 2019, and the secured bank loan of MOP50,600,000, which was fully drawn as at 31 December 2019. Such facilities will be available for a one year period and subject to review between February to March 2021. The renewed revolving loan facility has an increased credit limit of MOP15,450,000. In additions, management is actively negotiating and finalising new facilities with different banks in next few months.

(3) Another existing loan facility of MOP61,800,000 is subject to annual review by the bank in May 2020, of which MOP51,500,000 was utilised as at 31 December 2019. Given the longstanding and good relationship with the bank, management is confident that such banking facility will be renewed upon its expiry in May 2020.

(4) The Group will continue its efforts to recover from the impact of COVID-19 outbreak, and continue its efforts in resuming its construction projects and continue to explore new business opportunities, while maintaining more stringent cost control measure and containment of discretionary capital expenditures.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Basis of preparation of the financial statements (Continued)

Notwithstanding the above, whether management is able to achieve its plans and measures as described above, which incorporate assumptions about future events and conditions, and consequently be able to generate adequate financing and operating cash flows would depend upon, among other things: (i) the successful and timely collection of trade receivables, (ii) the availability and successful renewal of the abovementioned banking facilities for the next twelve months, and (iii) the successful implementation of business plan for its business to mitigate the negative impacts of COVID-19 and improve operation results.

The Directors, after due consideration of the basis of the plans and measures as described above as well as the reasonable possible downside changes to the cash flow assumptions, are confident that the Group will have sufficient working capital to meet its financial obligations as and when they fall due for at least in the next twelve months from 31 December 2019. Accordingly, the Directors considered it appropriate to prepare the consolidated financial statements of the Group on a going concern basis.

The preparation of the consolidated financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(c) Changes in accounting policies

The HKICPA has issued certain new and amended HKFRSs that are mandatory for the first time for the financial year beginning 1 January 2019. Of these, the following developments are relevant to the Group's consolidated financial statements:

(i) HKFRS 16, *Lease*

(ii) HKFRS 9 (Amendments), *Financial Instruments*

(iii) HKAS 28 (2011) (Amendments), *Investments in Associates and Joint Ventures*

(iv) HK(IFRIC) – Int 23, *Uncertainty over Income Tax Treatments*

(v) Annual Improvements to HKFRSs 2015–2017 Cycle

Except for HKFRS 16, *Leases*, other developments do not have material impact on the consolidated financial statements and does not result in substantial changes to the Group's accounting policies.

The Group has not early applied any new or amended HKFRSs that are not yet effective for the current accounting period.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Changes in accounting policies (Continued)

HKFRS 16 replaces HKAS 17, *Leases*, and the related interpretations, HK(IFRIC) 4, *Determining whether an arrangement contains a lease*, HK(SIC) 15, *Operating leases – incentives*, and HK(SIC) 27, *Evaluating the substance of transactions involving the legal form of a lease*. It introduces a single accounting model for lessees, which requires a lessee to recognise a right-of-use asset and a lease liability for all leases, except for leases that have a lease term of 12 months or less ("**short-term leases**") and leases of low value assets. The lessor accounting requirements are brought forward from HKAS 17 substantially unchanged.

The Group has initially applied HKFRS 16 as from 1 January 2019. The Group has elected to use the simplified transition approach and has therefore recognised the cumulative effect of initial application as an adjustment to the opening balance of equity at 1 January 2019. Comparative information has not been restated and continues to be reported under HKAS 17.

Further details of the nature and effect of the changes to previous accounting policies and the transition options applied are set out below:

(i) New definition of a lease

The change in the definition of a lease mainly relates to the concept of control. HKFRS 16 defines a lease on the basis of whether a customer controls the use of an identified asset for a period of time, which may be determined by a defined amount of use. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

The Group applies the new definition of a lease in HKFRS 16 only to contracts that were entered into or changed on or after 1 January 2019. For contracts entered into before 1 January 2019, the Group has used the transitional practical expedient to grandfather the previous assessment of which existing arrangements are or contain leases.

Accordingly, contracts that were previously assessed as leases under HKAS 17 continue to be accounted for as leases under HKFRS 16 and contracts previously assessed as non-lease service arrangements continue to be accounted for as executory contracts.

(ii) Lessee accounting

HKFRS 16 eliminates the requirement for a lessee to classify leases as either operating leases or finance leases, as was previously required by HKAS 17. Instead, the Group is required to capitalise all leases when it is the lessee, including leases previously classified as operating leases under HKAS 17, other than those short-term leases and leases of low-value assets. As far as the Group is concerned, these newly capitalised leases are primarily in relation to property, plant and equipment.

When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. For the Group, low-value assets are typically laptops or office furniture. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Changes in accounting policies (Continued)

(ii) Lessee accounting (Continued)

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received.

The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase and extension option or not to exercise termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

(iii) Critical accounting judgements and sources of estimation uncertainty in applying the above accounting policies

As explained in the above accounting policies, the lease liability is initially recognised at the present value of the lease payments payable over the lease term. In determining the lease term at the commencement date for leases that include renewal options exercisable by the Group, the Group evaluates the likelihood of exercising the renewal options taking into account all relevant facts and circumstances that create an economic incentive for the Group to exercise the option, including favourable terms, leasehold improvements undertaken and the importance of that underlying asset to the Group's operation. The lease term is reassessed when there is a significant event or significant change in circumstance that is within the Group's control. Any increase or decrease in the lease term would affect the amount of lease liabilities and right-of-use assets recognised in future years.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Changes in accounting policies (Continued)

(iv) Transitional impact

At the date of transition to HKFRS 16 (i.e. 1 January 2019), the Group determined the length of the remaining lease terms and measured the lease liabilities for the leases previously classified as operating leases at the present value of the remaining lease payments, discounted using the relevant incremental borrowing rates as at 1 January 2019. The weighted average of the incremental borrowing rates used for determination of the present value of the remaining lease payments was 5.4%.

To ease the transition to HKFRS 16, the Group applied the following recognition exemption and practical expedients at the date of initial application of HKFRS 16:

(i) the Group elected not to apply the requirements of HKFRS 16 in respect of the recognition of lease liabilities and right-of-use assets to leases for which the remaining lease term ends within 12 months from the date of initial application of HKFRS 16, i.e. where the lease term ends on or before 31 December 2019;

(ii) when measuring the lease liabilities at the date of initial application of HKFRS 16, the Group applied a single discount rate to a portfolio of leases with reasonably similar characteristics (such as leases with a similar remaining lease term for a similar class of underlying asset in a similar economic environment); and

(iii) when measuring the right-of-use assets at the date of initial application of HKFRS 16, the Group relied on the previous assessment for onerous contract provisions at 31 December 2018 as an alternative to performing an impairment review.

The following table reconciles the operating lease commitments as at 31 December 2018 to the opening balance for lease liabilities recognised as at 1 January 2019:

	1 January 2019 *MOP'000*
Operating lease commitments as at 31 December 2018	**1,042**
Discounted using the lessee's incremental borrowing rate at the date of initial application	**995**
Less: low-value leases not recognised as a liability	**(9)**
Add: adjustments as a result of a different treatment of extension and termination options	**5,909**
Total lease liabilities recognised as at 1 January 2019	**6,895**
Of which one:	
Current lease liabilities	**1,785**
Non-current lease liabilities	**5,110**

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Changes in accounting policies (Continued)

(iv) Transitional impact (Continued)

The right-of-use assets in relation to leases previously classified as operating leases have been recognised at an amount equal to the amount recognised for the remaining lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the consolidated statement of financial position as at 31 December 2018.

The change in accounting policy affect the following item in the consolidated statement of financial position on 1 January 2019:

- property, plant and equipment – increased by MOP6,895,000
- lease liabilities – increased by MOP6,895,000

There is no impact on the opening balance of equity.

3 REVENUE AND SEGMENT INFORMATION

(a) Revenue

The principal activities of the Group are the carrying out of fitting-out and building construction works.

(i) Disaggregation of revenue

Disaggregation of revenue from contracts with customers within the scope of HKFRS 15 by business lines is as follows:

	2019	2018
	MOP'000	*MOP'000*
Disaggregated by business lines		
– Revenue from fitting-out works	**346,443**	288,946
– Revenue from building construction works	**105,461**	116,796
	451,904	405,742

Fitting-out works and building construction works represent performance obligations that the Group satisfies over time for each respective contract. The period of fitting-out works and building construction works varies from 2 to 30 months (2018: from 2 to 15 months).

3 REVENUE AND SEGMENT INFORMATION (Continued)

(a) Revenue (Continued)

(ii) Revenue expected to be recognised in the future arising from contracts with customers in existence at the reporting date

As at 31 December 2019, the aggregated amount of the transaction price allocated to the remaining performance obligations under the Group's existing contracts is MOP324,609,000 (2018: MOP243,083,000). This amount represents revenue expected to be recognised in the future from construction contracts entered into by the customers with the Group. Based on the information available to the Group at the end of the reporting period, the Group will recognise such amount when or as the work is completed which is expected to occur over the next 1 to 25 months (2018: 1 to 36 months).

(b) Segment information

The Group manages its businesses by business lines. In a manner consistent with the way in which information is reported internally to the Group's chief operating decision makers ("**CODM**") for the purposes of resource allocation and performance assessment, the Group has presented the following two reportable segments. No operating segments have been aggregated to form the following reportable segments.

- Fitting-out works: this segment is involved in the execution of fitting-out works, including procurement of materials, site supervision, management of subcontractors, overall project management, interior decorative and modification works for existing buildings.

- Building construction works: this segment is involved in structural building works, including procurement of materials, site supervision, management of subcontractors and overall project management.

Segment assets and liabilities of the Group are not reported to the Group's CODM regularly. As a result, reportable assets and liabilities have not been presented in the consolidated financial statements.

3 REVENUE AND SEGMENT INFORMATION (CONTINUED)

(a) Revenue (Continued)

(i) Segment results

The Group's CODM monitors the results attributable to each reportable segment on the following bases:

Revenue and expenses are allocated to the reportable segments with reference to revenue generated by those segments and the expenses incurred by those segments. Assistance provided by one segment to another, including sharing of assets, is not measured.

The measure used for reporting segment profit is gross profit.

In addition to receiving segment information concerning segment profit, management is provided with segment information concerning revenue.

Information regarding the performance of the Group's reportable segments for the years ended 31 December 2019 and 2018 is set out below.

Year ended 31 December 2019

	Fitting-out works *MOP'000*	**Building construction works** *MOP'000*	**Total** *MOP'000*
Segment revenue from external customers	**346,443**	**105,461**	**451,904**
Segment profit	**81,755**	**25,764**	**107,519**

Year ended 31 December 2018

	Fitting-out works *MOP'000*	Building construction works *MOP'000*	Total *MOP'000*
Segment revenue from external customers	288,946	116,796	405,742
Segment profit	81,124	25,443	106,567

(ii) Reconciliations of total segment profit to profit before taxation

	2019 *MOP'000*	2018 *MOP'000*
Total segment profit	**107,519**	106,567
Other income and gains, net	**229**	4,923
Finance costs	**(8,386)**	(6,086)
Share of results of an associate	**(365)**	–
Unallocated head office and corporate expenses	**(26,093)**	(32,426)
Profit before taxation	**72,904**	72,978

3 REVENUE AND SEGMENT INFORMATION (CONTINUED)

(a) Revenue (Continued)

(iii) Geographical information

The following table sets out the information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's property, plant and equipment and investment properties ("**specified non-current assets**"). The geographical location of customers is based on the location at which the services were provided or the products were delivered. The geographical location of specified non-current assets is based on the location of the operation to which they are allocated.

	Revenues from external customers		**Specified non-current assets**	
	2019	2018	**2019**	2018
	MOP'000	*MOP'000*	***MOP'000***	*MOP'000*
Macau (place of domicile)	**270,598**	299,771	**114,985**	88,101
Hong Kong	**171,006**	97,447	**1,211**	123
Mainland China	**10,300**	8,524	**–**	–
	181,306	105,971	**1,211**	123
	451,904	405,742	**116,196**	88,224

(iv) Information about major customers

Revenue from customers during the year contributing over 10% of the total revenue of the Group is as follows:

	2019	2018
	MOP'000	*MOP'000*
Customer A *(note (ii))*	**179,294**	–
Customer B#	**–**	165,566
Customer C *(note (i))*	**104,461**	97,354
Customer D *(note (iii))*	**66,516**	–
Customer E *(note (ii))*	**59,008**	77,465

Notes:

\# The corresponding revenue did not contribute over 10% of the Group's revenue.

(i) This transaction is attributable to segment of building construction works in Hong Kong.

(ii) These transactions are attributable to segment of fitting-out works in Macau.

(iii) This transaction is attributable to segment of fitting-out works in Hong Kong.

4 OTHER INCOME AND GAINS, NET

	2019 *MOP'000*	2018 *MOP'000*
Compensation from an insurance agent	**–**	2,457
Interest income	**551**	962
Others	**–**	1,462
Total other income	**551**	4,881
Net exchange (losses)/gains	**(57)**	42
Net decrease in cash surrender value of an investment in an insurance contract	**(265)**	–
Total other (losses)/gains	**(322)**	42
Total other income and gains, net	**229**	4,923

5 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging/(crediting):

		2019 *MOP'000*	2018 *MOP'000*
(a)	Finance costs		
	Interest on bank loans and overdrafts and other borrowings	**8,046**	6,086
	Interest expense on lease liabilities	**340**	–
		8,386	6,086
(b)	Staff costs		
	Contributions to defined contribution retirement plans	**546**	340
	Salaries, wages and other benefits	**22,910**	31,114
		23,456	31,454
	Less: Staff costs included in cost of sales	**(13,546)**	(19,646)
	Staff costs included in general and administrative expenses	**9,910**	11,808
(c)	Other items		
	Cost of construction, excluding staff costs	**330,839**	279,529
	Depreciation	**2,384**	189
	Auditors' remuneration	**1,400**	1,612
	Listing expenses	**–**	8,238
	Impairment/(reversal of impairment) losses of trade and other receivables and contracts assets	**2,825**	(69)
	Operating lease charges: minimum lease payments		
	– machinery and equipment	**–**	267
	– properties	**–**	2,007
	Expenses relating to leases of short term leases	**212**	–
	Expense relating to a lease of low value asset	**4**	–
	Other	**9,358**	8,374
		347,022	300,147

6 INCOME TAX

	2019	2018
	MOP'000	*MOP'000*
Current tax – Macau Complementary Tax		
Provision for the year	**4,254**	7,923
Current tax – Hong Kong Profits Tax		
Provision for the year	**6,723**	3,454
Deferred tax		
Origination and reversal of temporary differences	**(28)**	–
	10,949	11,377

Notes:

(i) The Group is not subject to any income tax in the Cayman Islands and British Virgin Islands pursuant to the rules and regulations in the corresponding jurisdictions.

(ii) Macau Complementary Tax is calculated at 12% (2018: 12%) of the estimated assessable profits exceeding MOP600,000 (2018: MOP600,000) for the year ended 31 December 2019.

(iii) In March 2018, the Hong Kong Government introduced a two-tiered profits tax rate regime by enacting the Inland revenue (Amendment) (No. 3) Ordinance 2018 (the "**Ordinance**"). Under the two-tiered profits tax rate regime, the first HK$2 million of assessable profits of qualifying corporations is taxed at 8.25% and the remaining assessable profits at 16.5%. The Ordinance is effective from the year of assessment 2018–2019. Accordingly, the provision for Hong Kong Profits Tax for the year ended 31 December 2019 is calculated in accordance with the two-tiered profits tax regime.

(iv) Corporate Income Tax in the People's Republic of China ("**the PRC**") for 2019 is calculated at 25% (2018: 25%). No corporate income tax has been provided because the entity in the PRC has no assessable profits for the year ended 31 December 2018 and 2019.

(a) Reconciliation between income tax and accounting profit at applicable tax rates:

	2019	2018
	MOP'000	*MOP'000*
Profit before taxation	**72,904**	72,978
Notional tax on profit before taxation calculated at the rates applicable to profits in the regions concerned	**11,264**	9,549
Tax effect of non-deductible expenses	**67**	1,036
Tax effect of temporary difference and tax losses not recognised for deferred tax purposes	**–**	864
Utilisation of previously unrecognised tax losses	**(310)**	–
Tax effect of tax exemption under Macau Complementary Tax	**(72)**	(72)
Income tax	**10,949**	11,377

7 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share attributable to equity shareholders of the Company was based on the following data:

Earnings

	2019	2018
	MOP'000	*MOP'000*
Profit for the year attributable to equity shareholders of the Company	**61,955**	61,601

Weighted average number of ordinary shares

	2019	2018
	'000	*'000*
Issued ordinary shares as at 1 January	**760,000**	570,000
Effect of issuance of new shares	**–**	182,192
Weighted average number of ordinary shares as at 31 December	**760,000**	752,192

(b) Diluted earnings per share

The diluted earnings per share is the same as the basic earnings per share as the Group did not have potential dilutive ordinary shares for both years.

8 TRADE AND OTHER RECEIVABLES

		31 December 2019	31 December 2018
	Notes	***MOP'000***	*MOP'000*
Trade receivables			
– Third parties		**392,055**	336,646
– A related party	(i)	**600**	–
Less: loss allowance		**(3,907)**	(1,280)
Trade receivables, net		**388,748**	335,366
Deposits		**446**	424
Prepayments		**61,880**	73,997
Other receivables	(ii)	**47,703**	3,562
Amount due from a director	(iii)	**–**	10
		498,777	413,359

8 TRADE AND OTHER RECEIVABLES (CONTINUED)

Notes:

(i) The related party is Mr. Che Chan U, the director of the Group.

(ii) As at 31 December 2019, the liabilities are expected to be recovered within one year. As at 31 December 2018, an amount of MOP220,000 is expected to be recovered after one year, all of remaining balances are expected to be recovered within one year.

(iii) The amount due from a director was non-trade related, unsecured, interest-free and recoverable on demand.

Ageing analysis

As at the end of the reporting period, the ageing analysis of trade receivables based on the invoice date were as follows:

	2019	2018
	MOP'000	*MOP'000*
Within 1 month	**11,547**	74,914
1 to 3 months	**64,725**	21,229
3 to 6 months	**81,710**	58,492
6 to 12 months	**160,448**	159,258
Over 1 year but less than 2 years	**73,077**	22,753
Over 2 years but less than 3 years	**1,148**	–
	392,655	336,646

Movements in the loss allowance of trade receivables during the year were as follows:

	2019	2018
	MOP'000	*MOP'000*
As at 1 January	**1,280**	522
Net impairment loss recognized	**2,627**	1,280
Uncollectible amounts written off	**–**	(522)
As at 31 December	**3,907**	1,280

The balance represents amounts due from customers for products delivered or services performed in the ordinary course of business. They are generally due for settlement within 45 days from the date of invoice and therefore are all classified as current. The group assessed the expected credit loss of trade receivables based on the historical default credit experiences and forward-looking information that is available.

As at 31 December 2019, amount due from a related party of MOP600,000 (2018: MOP nil), which is trade-related, unsecured, interest-free and due within 45 days from the date of invoice.

9 TRADE AND OTHER PAYABLES

	2019	2018
	MOP'000	*MOP'000*
Trade payables	**28,663**	66,672
Retention payables *(note (ii))*	**15,483**	23,839
Contract liabilities	**1,074**	862
Other payables and accruals *(note (iii))*	**17,169**	8,005
	62,389	99,378

Notes:

(i) Save as disclosed in note 9(ii) below, all trade and other payables are expected to be settled within one year.

(ii) Except for an amount of MOP2,189,000 (2018: MOP2,803,000), all of the remaining balances are expected to be settled within one year.

(iii) Other payables and accruals included the payable to 60 Plus Smart Technology Co., Ltd of MOP11,622,000, which is non-interest bearing and is payable by 2020.

As at the end of the reporting period, the ageing analysis of trade payables based on the invoice date were as follows:

	2019	2018
	MOP'000	*MOP'000*
Within 1 month	**3,615**	21,785
1 to 3 months	**303**	4,484
3 to 6 months	**411**	2,378
Over 6 months	**24,334**	38,025
	28,663	66,672

10 DIVIDEND

The Board does not recommend the payment of final dividend for the year ended 31 December 2019 (2018: Nil).

11 SUBSEQUENT EVENTS

After the COVID-19 outbreak in early 2020, a series of precautionary and control measures have been and continued to be implemented. The Group will pay close attention to the development of the COVID-19 outbreak and evaluate its impact on the financial position and operating results of the Group. As at the date on which this set of financial statements were authorised for issue, the Group was not aware of any material adverse effects on the financial statements as a result of the COVID-19 outbreak.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group's revenue continued to grow in 2019 when compared to the previous year. This was mainly attributed to the increase in revenue of fitting-out and building construction works in Macau, Hong Kong and Mainland China which is consistent which the Group's business plan.

With the enhanced corporate profile, market reputation and brand awareness of the Group, the Group came across with business opportunities for projects which consist of building construction works and/or fitting-out works in Hong Kong and Zhuhai with the total contracts amount of approximately MOP817.6 million. The geographical expansion of the Group's business to Hong Kong and Mainland China will ensure a healthy revenue stream to the Group.

With the appointment of the Chief Executive of Macau during the year, which is likely to have positive impact on the fitting-out and construction industry in Macau under the implementation of a series of civil engineering plans and policies by the local government, the management is positive about the growth prospect of the fitting-out works and building construction works of the Group in the coming years.

The Group's revenue came from (i) fitting-out works; and (ii) building construction works. For the year ended 31 December 2019, the Group's total new awarded fitting-out projects and building construction projects received a total contract amount of approximately MOP511.9 million compared with approximately MOP634.1 million for the year ended 31 December 2018.

FINANCIAL REVIEW

For the year ended 31 December 2019, the Group's revenue was approximately MOP451.9 million (2018: approximately MOP405.7 million). For the year ended 31 December 2019, the Group recorded profit for the year of approximately MOP62.0 million (2018: approximately MOP61.6 million). During the year ended 31 December 2019, the Group completed 15 projects (14 fitting-out projects and 1 building construction project), and was awarded 10 fitting-out projects.

Revenue

For the year ended 31 December 2019, revenue of the Group amounted to approximately MOP451.9 million, representing an increase of approximately 11.4% from approximately MOP405.7 million in 2018.

The increase of the Group's revenue was mainly attributable to the increase in the revenue derived from fitting-out projects and building construction projects.

The revenue from fitting-out works increased from approximately MOP288.9 million for the year ended 31 December 2018 to approximately MOP346.4 million for the year ended 31 December 2019. Such increase was mainly attributable to several projects being awarded and commenced in 2019.

The increase in revenue from building construction works was mainly attributable to a sizable project which was completed in 2019 and that substantial amount of the revenue for that project was recorded during the year ended 31 December 2018.

Gross Profit and Gross Profit Margin

Gross profit increased by approximately 0.9% to approximately MOP107.5 million in 2019 from approximately MOP106.6 million in 2018, while the Group's gross profit margin was approximately 23.8% in 2019 as compared to a gross profit margin 26.3% in 2018. The increase in gross profit was mainly attributable to the increase in gross profit from the fitting-out works. The decrease in gross profit margin was mainly due to the decrease of gross profit margin from fitting-out works in Macau.

Other Income and Gains, net

We had other income and gains, net of approximately MOP0.2 million and MOP4.9 million in 2019 and 2018 respectively. Included in the other income for 2018 was mainly a compensation from an insurance agent amounted to approximately MOP2.5 million, which was an one-off event in 2018 and did not occur in 2019. Hence it resulted in the sharp decrease of other income and gains net in 2019.

General and Administrative Expenses

The Group's administrative expenses decreased to approximately MOP26.1 million in 2019 from approximately MOP32.4 million in 2018. The decrease by approximately 19.4% was mainly attributable to the non-recurring listing expenses of approximately MOP8.2 million in 2018.

Finance Costs

The Group's finance costs increased to approximately MOP8.4 million in 2019 from approximately MOP6.1 million in 2018. The increase of approximately 37.7% was mainly due to the increase in bank loans and overdrafts in 2019.

Income Tax

The Group's income tax decreased to approximately MOP10.9 million in 2019 from approximately MOP11.4 million in 2018. The decrease of approximately 4.4% was mainly due to the utilization of tax losses during the year.

Profit for the year

Profit for the year increased by approximately 0.6% to approximately MOP62.0 million in 2019 from approximately MOP61.6 million in 2018, which was mainly attributable to the combined effect of the aforementioned items.

Total comprehensive income for the year

The total comprehensive income for the year in 2019 was approximately MOP81,899,000, while the total comprehensive income in 2018 was approximately MOP61,583,000, representing an increase of approximately 33.0%. It was mainly due to the result of surplus on the revaluation of land held for own use upon the change of use to investment properties, net of tax.

CORPORATE FINANCE AND RISK MANAGEMENT

Liquidity, Financial and Capital Resources

Cash Position

As at 31 December 2019, the Group had an aggregate of pledged deposits, bank deposits, and cash and cash equivalents of approximately MOP52.7 million (2018: approximately MOP36.1 million), representing an increase of approximately 46.0% as compared to that as at 31 December 2018. As at 31 December 2019, bank deposits of approximately MOP41.7 million (2018: approximately MOP11.9 million) are pledged to secure banking facilities (including bank loans and overdraft and issuance of performance bonds).

Borrowings and Charges on the Group's Assets

As at 31 December 2019, the Group had bank loans and overdraft and other borrowings of approximately MOP220.3 million (2018: approximately MOP145.5 million). The borrowings of approximately MOP220.3 million (2018: approximately MOP145.5 million) will be repayable within one year or on demand.

As at 31 December 2019, bank loans and overdraft and other borrowings of approximately MOP220.3 million (2018: approximately MOP145.4 million) were secured by land held by the Group, pledged deposits of the Group, corporate guarantees provided by the Company and certain subsidiaries of the Group and investment in an insurance contract.

As at 31 December 2019, the assets pledged to secure certain banking facilities granted to the Group amounted to approximately MOP154.5 million (2018: approximately MOP99.5 million).

Gearing Ratio

As at 31 December 2019, the gearing ratio (calculated by total debts divided by total equity; total debts include bank loans and overdrafts and other borrowings) remained stable at approximately 0.5 (2018: approximately 0.5).

Treasury policies

The Group strives to reduce exposure to credit risk by performing ongoing credit assessments and evaluations of the financial status of its customers. The Group is holding sufficient credit limit to support its operating activities and business development plan. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements from time to time.

Foreign Currency Risk

The Group has no significant exposure to foreign currency risk as substantially all of the Group's transactions are denominated in Macau Pataca and Hong Kong dollar, which is pegged to Macau Pataca.

Capital structure

There has been no change in the capital structure of the Company during the year ended 31 December 2019. The capital of the Company comprises ordinary shares and other reserves.

Capital commitments

As at 31 December 2019, the Group had no capital commitments (2018: Nil).

Contingent Liabilities

As at 31 December 2019, the Group had contingent liabilities of MOP40.6 million (2018: approximately MOP16.1 million). The increase was primarily due to the acquisition of the performance bonds upon completion of the hotels and casinos fitting-out projects.

Material Acquisitions and Disposals

Pursuant to the share transfer agreements dated 4 September 2019, the Group acquired 15% of the total issued share capital of 60 Plus Smart Technology Co., Ltd for an aggregate price for RMB10,125,000 (approximately MOP11,622,000) during the year ended 31 December 2019. 60 Plus Smart Technology Co., Ltd, a company incorporated in the PRC with issued capital of RMB55,556,000, is principally engaged in research and development, production and sales of smart home equipment in China. It has successfully registered and maintained approximately one hundred patents since its establishment.

Save as disclosed above, during the year ended 31 December 2019, the Group did not have any material acquisitions and disposals of subsidiaries and affiliated companies.

Significant investments held

In addition to the investment in an associate as discussed above, the Group also held investment properties situated at Nos. 23, 25, 27, 32 and 34, Rua Du Cunha, Coloane, Macau. The properties are in the process of construction.

The Group also had an investment in an insurance contract which represented a life insurance policy for key management staff (the "**Insurance Policy**"). The Group is the beneficiary of the Insurance Policy. As at 31 December 2019, the Insurance Policy of MOP2,573,000 was pledged to a bank to secure certain banking facilities of the Group, which included performance bonds and loan facilities granted to the Group.

Save as disclosed above, as at 31 December 2019, the Group had no other significant investments.

Future Plans for Material Investments

The Group did not have other plans for material investments and capital assets as at 31 December 2019.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2019, the Group had approximately 72 employees (as at 31 December 2018: 86). Total staff costs (including Directors' emoluments) were approximately MOP23.5 million for the year ended 31 December 2019, as compared with approximately MOP31.5 million for the year ended 31 December 2018. The decrease is mainly attributable to the decrease in workers as the Group increased the portion of subcontracting.

Remuneration is determined with reference to market norms and individual employees' performance, qualification and experience. The remuneration package generally include basic salaries, bonuses and employee benefits such as housing allowances. We conduct annual review on employee salary and promotion based on their respective performances. The Group also operates the Share Option Scheme, pursuant to which options to subscribe for Shares may be granted to the Directors and employees of the Group. The Group provides orientation programmes for new employees to familiarise them with our general working environment and work culture. The Group will also arrange on-the-job trainings for our employees such as accounting trainings conducted by external parties, which aims at developing their skills so as to meet our strategic goals, customer requirements, regulatory requirements and contractual obligations. The Group has also provided specific site trainings to our site personnel in respect of management of quality, environmental protection, health and safety matters.

SHARE OPTION SCHEME

On 20 December 2017, a share option scheme (the "**Share Option Scheme**") was approved and adopted by the Shareholders, under which, options may be granted to any Eligible Participants (as defined in the Share Option Scheme) to subscribe for Shares subject to the terms and conditions stipulated in the Share Option Scheme. The Company has adopted the Share Option Scheme as an incentive to Directors, eligible employees and other eligible participants.

The subscription price for the ordinary shares under the Share Option Scheme shall be determined by the Board and shall not be less than the highest of: (i) the closing price of the Shares as stated in the Stock Exchange's daily quotation sheets on the date of grant, which must be a day on which the Stock Exchange is open for the business of dealing in securities; (ii) the average of the closing prices of the Shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant; and (iii) the nominal value of a Share. The Share Option Scheme will be valid and effective for a period of 10 years commencing on 20 December 2017 and remains in force until 19 December 2028. Since the adoption of the Share Option Scheme and up to the date of this announcement, no option was granted, exercised, cancelled or lapsed under the Share Option Scheme.

EVENTS AFTER THE REPORTING PERIOD

After the outbreak of Coronavirus Disease 2019 ("**COVID-19 outbreak**") in early 2020, a series of precautionary and control measures have been and continued to be implemented. The Group will pay close attention to the development of the COVID-19 outbreak and evaluate its impact on the financial position and operating results of the Group. As at the date of this announcement, the Group was not aware of any material adverse effects on the financial statements as a result of the COVID-19 outbreak.

DIVIDEND AND DIVIDEND POLICY

The Board did not recommend the payment of a final dividend by the Company for the year ended 31 December 2019.

The Company has adopted a dividend policy (the "**Dividend Policy**"). In deciding whether to propose any dividend, the Board will consider, among others, the Group's actual and expected financial performance, retained earnings and distributable reserves of the Group and each of the members of the Group, the level of the Group's debts to equity ratio, return on equity and the relevant financial covenants, the Group's capacity from current and future operation, future commitments at the time of preparing and making the distribution, any restrictions on payment of dividends that may be imposed by the Group's lenders, any restrictions under the laws of Hong Kong and Cayman Islands and the Company's Articles of Association, and any other factors that the Board deems appropriate.

The declaration and payment of the dividend by the Company is also subject to any restrictions under the Companies Law of the Cayman Islands and the Company's Articles of Association and any other applicable laws and regulations. The Board will continually review the Dividend Policy and reserves the right in its sole and absolute discretion to update, amend, modify and/or cancel the Dividend Policy at any time. The Dividend Policy shall in no way constitute a legally binding commitment by the Group in respect of its future dividend and/or in no way obligate the Group to declare a dividend at any time or from time to time.

PROSPECTS AND STRATEGIES

The financial year 2019 was a fruitful year to the Group, the revenue of the Group increased when compared with last year. The increase in the revenue from the fitting-outs works in Macau, especially from the fitting-outs works on hotels and casinos in Macau, and the comparatively stable revenue derived from the building construction works in both Macau and Hong Kong, played an important role in strengthening the revenue stream of the Group.

Despite the COVID-19 outbreak in early 2020, the management of the Company assessed and considered that the impact to the Group is not material up to the date of this announcement, and will keep track of the situation to assess whether it will have any material impact on the industry and the Group subsequently. Apart from the aforesaid, the management looks forward to the development of the redevelopment and expansion works for schools in Hong Kong, which is likely to enable the Group to maintain a stable income stream in the financial year 2020 as well as keeping its market position in the fitting-out industry in Hong Kong.

ANNUAL GENERAL MEETING

The forthcoming annual general meeting of the Compnay will be held on 24 June 2020 (Wednesday) ("**2020 AGM**") and the notice of 2020 AGM will be published and despatched in the manner as required by the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**").

CLOSURE OF REGISTER OF MEMBERS

For the purposes of determining the Shareholders' eligibility to attend and vote at the 2020 AGM of the Company to be held on 24 June 2020 (Wednesday), the register of members of the Company will be closed from 19 June 2020 (Friday) to 24 June 2020 (Wednesday), both days inclusive. During the closure period, no transfer of Shares will be registered. To be eligible to attend and vote at the 2020 AGM, all transfers accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on 18 June 2020 (Thursday).

CORPORATE GOVERNANCE PRACTICES AND OTHER INFORMATION

The Company is committed to maintain high standards of corporate governance to protect the interests of its Shareholders and to enhance corporate value and accountability. The Board has reviewed the Company's corporate governance practices and is satisfied that the Company has complied with all code provisions and, where applicable, the recommended best practices of the Corporate Governance Code ("**CG Code**") set out in Appendix 14 of the Listing Rules since 1 January 2019 and up to 31 December 2019 (the "**Relevant Period**").

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors' securities transactions. Having made specific enquiries with all the Directors, each of the Directors has confirmed that he/she has complied with the Model Code during the Relevant Period.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

None of the Company or any of its subsidiaries had purchased, sold or redeemed any of its listed securities during the year ended 31 December 2019.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and to the knowledge of the Directors, the Company has maintained a sufficient public float during the Relevant Period and up to the date of this announcement.

AUDIT COMMITTEE

Audit Committee was established with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the CG Code. The primary duties of the Audit Committee are to review and supervise the financial reporting process, internal control system and risk management system of the Group, to oversee the audit process and to perform other duties and responsibilities as assigned by the Board.

Members of the Audit Committee are Mr. Fan Chun Wah, Andrew, Mr. Eulógio Dos Remédios, José António and Ms. Leong Iat Lun (all are independent non-executive Directors). Mr. Fan Chun Wah, Andrew currently serves as the chairman of the Audit Committee. Pursuant to the meeting of the Audit Committee, the Audit Committee reviewed, among other things, the audited financial statements for the year ended 31 December 2019 with recommendations to the Board for approval and discussed with the management and the external auditor the accounting policies and practices which may affect the Group, the report prepared by the external auditor covering major findings in the course of the audit and the accounting and financial reporting matters.

The annual results for the year ended 31 December 2019 have been reviewed by the Audit Committee before submission to the Board for approval.

SCOPE OF WORK OF PRICEWATERHOUSECOOPERS

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2019 have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants, and consequently, no assurance has been expressed by PricewaterhouseCoopers on the preliminary announcement.

PUBLICATION OF THE ANNUAL RESULTS AND ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2019 ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This announcement is published on the website of Hong Kong Exchange Clearing Limited (www.hkexnews.hk) and the Company's website (www.spacegroup.com.mo). The annual report for the year ended 31 December 2019 will be despatched to the shareholders and published on the above websites in due course.

By order of the Board
Space Group Holdings Limited
Mr. Che Chan U
Chairman

Hong Kong, 30 March 2020

As at the date of this announcement, the Board comprises Mr. Che Chan U, Ms. Lei Soi Kun and Mr. Wan Yee Sang as executive Directors; and Mr. Fan Chun Wah, Andrew, Mr. Eulógio dos Remédios, José António and Ms. Leong Iat Lun as independent non-executive Directors.